

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

September 29, 2005

IN RE:

**PETITION FOR APPROVAL OF THE INDIRECT
TRANSFER OF CONTROL OF ATX LICENSING, INC. TO
LEUCADIA NATIONAL CORPORATION**

)
) **DOCKET NO.**
) **05-00093**
)
)

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before Chairman Ron Jones, Director Deborah Taylor Tate and Director Pat Miller of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this Docket, at a regularly scheduled Authority Conference held on August 8, 2005 for consideration of the petition for approval of a transfer of control ("Petition") filed on March 31, 2005 by ATX Licensing, Inc.¹ ("ATX"). ATX sought TRA approval of the transfer from ATX to Leucadia National Corporation ("Leucadia") pursuant to Tenn. Code Ann. § 65-4-113 (2004).

Background and Petition

The Authority granted ATX Telecommunications Services, Ltd. ("ATX Telecommunications") authorization to provide telecommunications services in Tennessee by Order dated March 14, 2000 in TRA Docket No. 00-00089. Subsequently, ATX Telecommunications assigned its authorization to ATX. However, the Company never sought Authority approval of that transfer.

¹ ATX provided the Authority a signed statement from Leucadia verifying that the information contained in the Petition was true and correct to their knowledge, information and belief

ATX is a Delaware corporation and wholly owned subsidiary of ATX Communications, Inc. ("ATX Parent"). Leucadia is a publicly traded New York corporation offering a variety of services including telecommunications services.

The Petition, filed March 31, 2005, describes a series of transactions through which ATX Parent, together with all of its subsidiaries, including ATX, will emerge from Chapter 11 Bankruptcy.² Pursuant to the Bankruptcy Reorganization Plan, the existing equity in ATX Parent will be cancelled and substantially all of the equity in the reorganized ATX Parent will be issued to Leucadia in satisfaction of Leucadia's pre-bankruptcy claims arising under ATX Parent and its subsidiaries' senior secured credit facility held by Leucadia. This issuance of equity from ATX Parent to Leucadia will result in a change of indirect control of the equity and board structure of ATX.

According to the Petition, ATX does not contemplate any change in the manner in which it currently offers service in Tennessee immediately following consummation of the proposed transactions.³ Specifically, the Petition states that ATX will continue to offer the services it currently offers in Tennessee with no change in the rates, terms or conditions of service immediately following the transactions.⁴ Thus, the Petitioners maintain that the transfer will be seamless and transparent to Tennessee customers.

The Petition states that the transfer of control will serve the public interest by promoting competition among telecommunications carriers. According to the Petition, the enhancements

² On January 15, 2004, ATX Parent and its subsidiaries, including ATX, filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. The only subsidiary that did not file its petition on January 15, 2004 was CoreComm Maryland, Inc., which filed for Chapter 11 protection in the same court on March 10, 2004. Additionally, consummation of the transfer of control and the transactions described herein is contingent upon the plan of reorganization becoming effective, which requires the satisfaction or waiver of certain conditions precedent, including confirmation of the plan by the Bankruptcy Court.

³ Petition, p. 4 (March 31, 2005)

⁴ *Id.*

provided by the transactions will directly benefit Tennessee customers. In that, the resulting improved financial position of ATX Parent will enable it to enhance the operational flexibility, efficiency and financial viability of ATX.

August 8, 2005 Authority Conference

Tenn. Code Ann. § 65-4-113 (2004) requires a public utility to obtain TRA approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) (2004) reads as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) (2004) provides the standards by which the TRA shall consider an application for transfer of authority, in pertinent part, as follows:

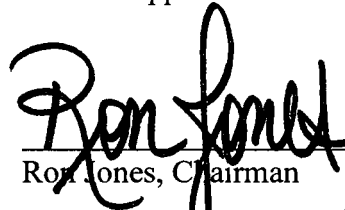
Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

At a regularly scheduled Authority Conference, the panel noted that ATX Telecommunications previously transferred its authorization to provide telecommunications services in Tennessee to ATX and did not request Authority approval of the transfer at that time. Thus, ATX has not been recognized by the TRA as an entity with the authorization to provide telecommunications services in Tennessee prior to the issuance of this Order. To avoid future confusion, the panel voted unanimously to approve the previous transfer of authority from ATX Telecommunications to ATX nunc pro tunc.

Next, the voting panel considered the transaction that is the subject of this Docket. The panel determined that the transaction described in the Petition includes an indirect transfer of authority that is subject to Tenn. Code Ann. § 65-4-113 (2004). In regard to that transfer, after considering the relevant factors listed in Tenn. Code Ann. § 65-4-113 (2004), the Petition and the responses to the data requests, the panel found that the transfer furthers the public interest. As a result, the panel voted unanimously to approve the transfer.

IT IS THEREFORE ORDERED THAT:

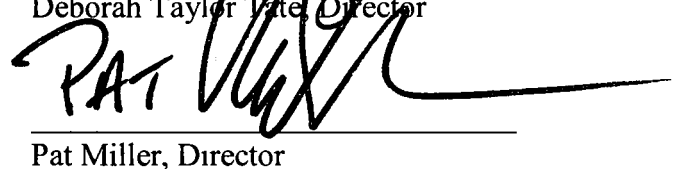
1. The previous transfer of authority from ATX Telecommunications Services, Ltd. to ATX Licensing, Inc. is approved nunc pro tunc.
2. The proposed transfer of authority from ATX Licensing, Inc to Leucadia National Corporation as described in the Petition and discussed herein is approved.



Ron Jones, Chairman



Deborah Taylor Tate, Director



Pat Miller, Director